

## Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 FEA-01 AGRE-00 CEA-01  
CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05  
L-03 LAB-04 NSAE-00 NSC-05 PA-02 AID-05 SS-15  
STR-04 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01  
/094 W

-----050122Z 056270 /63

R 041628Z APR 77

FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC 2791

INFO AMEMBASSY GUATEMALA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

UNCLAS MANAGUA 1550

E.O. 11652: N/A

TAGS: ETRD, NU

SUBJECT: GSP--FIRST YEAR REVIEW

REF: STATE 65707

1. LOCAL CONTACTS CONCERNED WITH GSP FEEL IT TOO  
EARLY TO EVALUATE FULLY THE UTILITY OF GSP PROGRAM.  
NORMAN CALDERA, HEAD OF EXPORTEMOS, QUASI-OFFICIAL  
BODY WHICH ADMINISTERS NICARAGUAN EXPORTS UNDER  
GSP PROGRAMS, TOLD EMBOFF MARCH 29 THAT GSP  
GENERALLY HELPFUL TO NICARAGUA ALTHOUGH INITIAL  
EFFECTS NOT VERY AUSPICIOUS.

2. CALDERA POINTED OUT THAT DURING FIRST EIGHT MONTHS  
OF 1976, BASED ON OAS-PROVIDED STATISTICS,  
NICARAGUAN EXPORTS TO US OF PRODUCTS ELIGIBLE  
FOR GSP ACTUALLY DECLINED IN VALUE FROM TOTAL  
REACHED DURING SAME PERIOD OF 1975 BY SOME  
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29 PERCENT, I.E. FROM \$9.8 MILLION TO \$6.9  
MILLION. NONETHELESS, CALDERA HOPEFUL  
THAT EXPORTS TO US ELIGIBLE FOR GSP WILL INCREASE  
IN 1977. HE NOTED THAT CEREALES DE CENTROAMERICA  
S.A. (CERSA) HAS BOUGHT \$300,000 WORTH OF US  
MACHINERY TO PRODUCE JAGGERY (SUGAR-BASED) CANDY  
FOR EXPORT TO US UNDER GSP. FIRM ALSO PLANS

TO EXPORT PLANTAIN CHIPS AND DEHYDRATED BANANAS UNDER GSP. THESE WILL ALL BE NEW EXPORTS. OTHER FIRMS CONSIDERING MELON EXPORTS.

3. ALTHOUGH CALDERA CONSIDERS OVERALL GSP PICTURE POSITIVE FOR NICARAGUA, HE NOTES FOLLOWING SHORTCOMINGS:

(A) CUSTOMS PROCEDURES NEED TO BE RATIONALIZED. HE NOTED THAT US CUSTOMS AUTHORITIES ARE NOT ALWAYS IN AGREEMENT ON WHETHER A GIVEN COM-MODITY QUALIFIES FOR GSP. EXPORTERS THEREFORE, SEEK TO SHIP GOODS THROUGH PORTS WHERE CUSTOMS OFFICIALS WILL GRANT GSP STATUS. CALDERA THINKS THERE SHOULD BE "BINDING DECISIONS" FROM US CUSTOMS SO AS TO REMOVE DOUBT AND FACILITATE IMPORTS UNDER GSP. HE DID NOT IDENTIFY COMMODITIES IN QUESTION.

(B) USG SHOULD MAKE SURE THAT SMALL-SIZE US IMPORTERS ARE FULLY AWARE OF GSP PROGRAM. HE COMMENTED THAT NICARAGUA LACKS ADEQUATE COMMUNICATIONS FACILITIES TO INFORM SUCH IMPORTERS WHO OFTEN DO NOT REALIZE THAT THEY COULD IMPORT DUTY FREE UNDER GSP.

(C) NICARAGUA IS AT A DISADVANTAGE VIS-A-VIS COSTA RICA REGARDING SOME EXPORTS UNDER GSP PROGRAM. COSTA RICA, HE SAID, IN EFFECT UNCLASSIFIED

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SUBSIDIZES SOME EXPORTS THROUGH ITS MULTIPLE EXCHANGE RATES. THUS, FOR EXAMPLE, COSTA RICANS CAN BUY NICARAGUAN HIDES, TAN THEM AND SELL THEM TO US, EVEN PAYING DUTY, AT A GREATER PROFIT THAN NICARAGUAN EXPORTERS CAN GET BY TANNING AND SELLING THE SAME HIDES TO US DIRECTLY UNDER GSP.

4. ACCORDING TO CALDERA, DURING FIRST EIGHT MONTHS OF 1976, DUTY WAS PAID ON COMMODITIES WORTH \$2.2 MILLION WHICH MIGHT HAVE BEEN ELIGIBLE FOR GSP. THE TOTAL AMOUNT OF DUTY PAID ON THOSE COM-MODITIES AMOUNTED TO ABOUT \$125,000. OF THESE DUTIES PAID, SOME \$6,200 WERE CHARGED ON MACHINERY PARTS, HEATERS, MEDICAL APPARATUS, MAGNETIC TV TAPE ETC. OWING TO THE LACK OF CERTIFICATES OF ORIGIN; \$10,800 WERE PAID BECAUSE IMPORTER DID NOT KNOW ABOUT GSP; \$2,500 PAID FOR OKRA AND BROCOLI SHIP-MENTS AFTER APRIL 1976, WHEN LATTER PRODUCE WAS

EXCLUDED FROM GSP; \$11,000 IN DUTY PAID ALLEGEDLY  
BECAUSE OF SHIPMENTS VIA COSTA RICA; AND \$5,600  
PAID FOR WOOLD PRODUCTS BECAUSE EXPORTER/IMPORTER  
ERRONEOUSLY THOUGHT PRODUCTS INELIGIBLE FOR GSP.

5. EMBASSY BELIEVES GSP PROGRAM HOLDS PROMISE  
FOR NICARAGUA AND HOPES THAT RANGE OF ELIGIBLE  
PRODUCTS WILL BE EXPANDED. FURTHER REPORTS WILL  
BE FORWARDED WHEN FULL-YEAR DATA ARE AVAILABLE.  
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## Message Attributes

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**Channel Indicators:** n/a  
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